

Concept Paper

BadgerCare Plus Program

*Wisconsin
Department of Health and Family Services*

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Concept Paper
Wisconsin's BadgerCare Plus Program

Table of Contents

1. Introduction.....	3
2. Problem Statement.....	3
2.1 Increasing Numbers of Uninsured	4
2.2 Lack of Access to Affordable Health Insurance and Poor Health Outcomes	4
2.3 Complex and Costly Eligibility Rules	5
2.4 Eligibility Requirements That Inhibit Family Strength and Cohesion	8
3. BadgerCare Plus Vision	9
3.1 Increase Access to Health Insurance.....	9
3.2 Establish a Benchmark Plan.....	9
3.3 Provide Affordable Health Insurance Options for Families	10
3.4 Simplify Eligibility Rules and Processes.....	13
3.5 Focus on Prevention and Healthy Behaviors	14
4. Waivers and Review	14
5. Budget Neutrality.....	15
6. Public Process.....	15
6.1 BadgerCare Plus Advisors Group	15
6.2 Focus Groups	16
6.3 Medical Assistance Advisory Committee.....	16
6.4 Native American Consultation.....	16
6.5 Town Hall Meetings	16
6.6 Legislative Briefings	17
7. Conclusion	17

Concept Paper
Wisconsin's BadgerCare Plus Program

1. Introduction

This is a concept paper that outlines Wisconsin's proposal for a Section 1115 (a) Demonstration Project to the Centers for Medicare and Medicaid Services (CMS) for the reform and expansion of Wisconsin's current BadgerCare program. This important new initiative, referred to as BadgerCare Plus, is intended to provide access to affordable health insurance for all Wisconsin children.

While Wisconsin has a long and proud tradition of offering its residents a comprehensive health care safety net, far too many children and families are still falling through the cracks. In 2004, an estimated 91,000 children went without health insurance for at least a portion of the year.¹ Inability to access health insurance not only affects the lives of children that go without care; it also affects all residents through higher long-term health care costs, insurance premiums and taxes. BadgerCare Plus is designed to address this significant and growing problem.

BadgerCare Plus is being designed to accomplish the following policy goals:

- Ensure that all children in Wisconsin have access to affordable, comprehensive health insurance.
- Improve the overall health of Wisconsin residents.
- Improve accessibility and reduce administrative cost by simplifying and streamlining the Family Medicaid, BadgerCare, and HealthyStart programs.
- Eliminate program barriers to family cohesion and stability.

To accomplish these ambitious goals, Wisconsin proposes to create a single health care safety net program that merges the Family Medicaid, BadgerCare and Healthy Start programs² and make more effective use of employer-sponsored insurance. Furthermore, BadgerCare Plus will dramatically simplify and streamline eligibility determination by eliminating needless complexity that creates barriers to enrollment and family stability.

BadgerCare Plus represents the most sweeping reform of the low-income family portion of the Medicaid program in Wisconsin since its inception in 1967.

2. Problem Statement

BadgerCare Plus is intended to address four major problems with health insurance coverage in Wisconsin.

- 1) Increasing numbers of uninsured people and a decreasing proportion of children and adults covered by employer-sponsored insurance plans.
- 2) Lack of access to comprehensive, affordable health care for working families and individuals leading to poor health outcomes.
- 3) Costly and complex eligibility rules that create barriers to health insurance coverage.
- 4) Eligibility thresholds and requirements that inhibit family strength and cohesion.

Concept Paper
Wisconsin's BadgerCare Plus Program

2.1 Increasing Numbers of Uninsured

According to the 2003 and 2004 Wisconsin Health Insurance Survey, the number of uninsured residents is on the rise. The lack of affordable health insurance is especially problematic for children aged 0 -17. In general, children are relatively inexpensive to cover, and investment in early health care pays off greatly over time. Yet, despite recent Medicaid expansions and the creation of BadgerCare, the number of uninsured children in Wisconsin is again on the rise.

- In 2003, an estimated 26,000 children (2% of the total) were without health insurance for the entire year. In 2004, the number of uninsured children climbed to 34,000 (3% of total).
- In 2003, an estimated 85,000 children (7% of the total) were without health insurance for at least part of the year. In 2004, this number increased to 91,000.³

Although BadgerCare has provided needed assistance to low-income working families, fewer businesses are offering their employees health insurance.

- In 2001, 76% of Wisconsin residents had their health insurance coverage provided by their employers. That number in 2004 was 69%.⁴
- Over the same period of time, Medicaid and BadgerCare enrollment has grown, but not enough to avoid an increase in the rate of uninsured persons.

2.2 Lack of Access to Affordable Health Insurance and Poor Health Outcomes

Historically, government sponsored health insurance programs like Medicaid and BadgerCare have been the answer to the lack of access to affordable, employer-sponsored health insurance for low-income workers and their families.

In Wisconsin, working families with children up to 185% of the federal poverty level (FPL) are eligible for BadgerCare if their employer does not offer a comprehensive plan or does not pay at least 80% of the premium amount. Once eligible for BadgerCare, families with incomes above 150% of the FPL pay a modest premium (5% of adjusted gross family income) to receive the full Medicaid benefits package.

Unfortunately, the rising cost of health insurance is driving more and more families out of employer-sponsored insurance. Some, but not all, of these families can access the publicly funded safety net. Health insurance costs in Wisconsin are especially high and growing. The total cost of employer-sponsored health benefits in Wisconsin increased 9.2% in 2005, to an average of \$9,321 for each employee; 31% more than the national average according to a survey by Mercer Health & Benefits, LLC.⁵

Employee premium contributions and out of pocket costs have been rising faster than wages, creating a growing "affordability gap" for employer-sponsored plans for low-income working families. In some cases, self-employed individuals, farm families and employees of small firms without any health care insurance plan may not be able to afford coverage for their children, even with incomes above 300% of the FPL.

Concept Paper

Wisconsin's BadgerCare Plus Program

The inability to access health insurance has consequences. The Institute of Medicine and others (Newacheck et al. 1998b. and McCormick et al., 2001) have found that uninsured children use medical and dental services less frequently and are less likely to get their prescriptions filled than insured children, even after taking into account differences in family income, race/ethnicity, and health status. In addition, they found that uninsured children are less likely to receive routine, preventive well-child checkups and immunizations. Especially disturbing, half of uninsured children have not had a doctor's visit in the past year, more than twice the rate of privately insured children.⁶

2.3 Complex and Costly Eligibility Rules

The eligibility rules for the Medicaid program have been continually evolving since the program's genesis in 1967. Medicaid was initially designed to provide health care coverage only to recipients of cash assistance. Over time, Medicaid and its related programs have evolved from a welfare program to a health care safety net program on which children and pregnant women in or near poverty, and unemployed, under-employed and working poor parents rely to finance their health care needs. While this expansion of coverage has been welcomed, it has also created a patchwork of complex eligibility rules and laws that are very costly to administer and which deter qualified families from enrolling.

The program is exceedingly complicated. The following provides an overview of the coverage groups for Wisconsin Medicaid (MA) that covers pregnant women, children and caretaker relatives.

#	Group	Notes	FPL
1	Aid to Families with Dependent Children (AFDC)-Medicaid	Uses AFDC program payment levels and rules to determine eligibility.	~45%
2	AFDC-related Medicaid Categorically Needy	Similar to AFDC-Medicaid, but uses a slightly higher income limit for kids under age 19, pregnant women, parents and caretaker relatives.	~55%
3	AFDC-related Medicaid	For children and pregnant women, if their family's income exceeds the AFDC-related categorically needy test (or the OBRA Kids test), they can become eligible if they incur medical expenses that would decrease their income to this medically needy income limit.	~95%
4	AFDC-related Family Fiscal Unit (FFU)	Family Fiscal Unit implements a policy that allows only an individual's income and needs and those of persons legally responsible for him/her without regard to siblings in determining MA eligibility. In this case the income limits and rules are those of AFDC.	~55%
5	Transitional Medicaid	Individuals who lose Medicaid as a result of increased earnings, child support income, or the loss of earned income disregards are granted an extension of their Medicaid eligibility for 9 or 12 months.	No income limit
6	Continuously	Children born to MA eligible moms are eligible for one year as	No

Concept Paper
Wisconsin's BadgerCare Plus Program

#	Group	Notes	FPL
	Eligible Newborns (CEN)	long they live continuously with their birth mother. This group would be born to women who were categorically needy.	income limit
7	End of Pregnancy Extension	Pregnant women remain eligible for Medicaid for the duration of their pregnancy and until the end of the month 60 days after their pregnancy ends. This group exists for women who were categorically needy at the time of birth or the time that their family's income exceeded the income limit.	No income limit
8	Healthy Start Pregnant Women – Categorically Needy	Pregnant women are eligible for categorically needy Medicaid coverage if their family's income is below 130% of the federal poverty level.	130%
9	Healthy Start Children < 6 Categorically Needy	Children under the age of 6 are eligible for categorically needy Medicaid coverage if their family's income is below 133% of the federal poverty level.	133%
10	Healthy Start Children 6 < 19 (OBRA Kids)	Children ages 6 to under 19 are eligible for categorically needy Medicaid coverage if their family's income does not exceed 100% of the federal poverty level.	100%
11	Healthy Start Children < 6 Medically Needy	Children under the age of 6 are eligible for medically needy Medicaid coverage if their family's income is below 185% of the federal poverty level or they incur medical expenses that reduce their family's income to 185% of the federal poverty level.	185%
12	Healthy Start Pregnant Women Medically Needy	Pregnant women are eligible for medically needy Medicaid coverage if their family's income is below 185% of the federal poverty level or they incur medical expenses that reduce their family's income to 185% of the federal poverty level.	185%
13	End of Pregnancy Extension – Medically Needy	Pregnant women remain eligible for Medicaid for the duration of their pregnancy and until the end of the month 60 days after their pregnancy ends. This group exists for women who were medically needy at the time of birth or the time that their family's income exceeded the income limit.	No income limit
14	Continuously Eligible Newborn Medically Needy	Children born to MA eligible moms are eligible for one year as long they live continuously with their birth mother. This group would be born to women who were medically needy.	No income limit
15	Healthy Start Family Fiscal Unit	Family Fiscal Unit implements a policy that allows only an individual's income and needs and those of persons legally responsible for him/her without regard to siblings in determining MA eligibility. In this case the income limits and rules are those of Healthy Start (either pregnant women & children under age 6 (185%) or children 6 to under 19 (100%)).	185%
16	BadgerCare (Title XIX funded)	Medicaid expansion under the State Children's Health Insurance Program (SCHIP) for uninsured children under age 19 and their parents who are residing with them. The State receives regular federal MA match for children and parents below 100% FPL	100%
17	BadgerCare (Title XXI)	Medicaid expansion under SCHIP for uninsured children and their parents with whom they are residing. The State receives	150%

Concept Paper

Wisconsin's BadgerCare Plus Program

#	Group	Notes	FPL
	funded)	enhanced federal match for these children and parents. These families do not pay a premium.	
18	BadgerCare with a premium	Medicaid expansion under SCHIP that provides coverage for uninsured children under age 19 and their parents with whom they are residing. The State receives enhanced federal match for these children and parents. These families must pay a premium that is 5% of their income (after deductions).	150 to 185%
19	BadgerCare Recipient Income Limit	Children under age 19 and their parents with whom they are residing must have income that does not exceed 185% FPL to initially qualify for BadgerCare, but after they are confirmed as eligible, their income is allowed to be no more than 200% FPL.	200%
20	BadgerCare Prenatal Care	Pregnant women, who would qualify for BadgerCare except they are non-qualifying immigrants or inmates of public institutions, can receive BadgerCare coverage for their prenatal care services.	See Badger Care

In addition to the many different groups covered in Wisconsin, the specific eligibility rules for these programs are also very complicated. Many of these rules have their basis in the now-defunct AFDC program. The following provides an overview of the different deductions and disregards from income used to determine Medicaid eligibility for pregnant women, children and caretaker relatives.

Program	Deduction and/or Disregard
AFDC-Medicaid Only	Disregard \$30 + 1/3 of earnings for the first four months of eligibility
	Disregard \$30 of earnings for the fifth through twelfth months of eligibility
All Family Medicaid	Disregard first \$50 of child support payments made to the family
	Deduct \$90 from the earnings of each member of the family, whose income is counted in determining eligibility, as a work related expense
	Disregard the earnings of certain minor students
	Deduct up to \$200 each month of child care expenses for each child under age two years
	Deduct up to \$175 each month of dependent care expenses for each child age two years or older or for an adult dependent person
	Disregard all child support paid by the family
	Disregard excess self employment expenses

These rules were developed at the time AFDC used dollar-for-dollar budgeting such that every additional dollar of household income reduced AFDC cash assistance unless partially or wholly disregarded, exempted or deducted. This is not the case for Medicaid where eligibility is determined on a pass/fail basis. The medical coverage benefit provided to a family that is \$500 below the income limit is the same benefit provided to a family that is only \$1 below the limit. This needless complexity calls for new financial eligibility criteria that are more congruous with the pass/fail dynamic and new role of Medicaid as a health care program for low-income families, many of whom are working.

These vestigial rules make it needlessly difficult for prospective applicants to determine if they could qualify. This leads to individuals and families that would

Concept Paper

Wisconsin's BadgerCare Plus Program

qualify waiting to apply for the benefit until they are very ill or injured or becoming ill and seeking care from already overburdened health care resources like hospital emergency rooms.

Wisconsin Medicaid continues to use the change reporting policies that were in place with the AFDC cash assistance program and were meant to change the amount of the cash benefit the family received from month-to-month based upon their financial requirements. The requirement that all changes be reported within ten days is an anachronism of that link to cash assistance. It also makes it difficult for families who are employed to retain continuous eligibility for a sustained period of time, even when they meet all of the requirements of the program without interruption. More than 25% of all children enrolled in our current set of Family Medicaid programs have gaps in their eligibility because of these rules. These gaps last for a median length of 3 months. This hampers the ability of care management organizations, like HMOs, to provide continuous preventive care. During these “gap” months, the HMO cannot provide the type of care that will keep the child healthy and his or her continuing health care costs low.

The unnecessary administrative cost to process nearly 1.1 million changes that do not actually affect eligibility for Family Medicaid/BadgerCare is more than \$12.9 million each year.

2.4 Eligibility Requirements That Inhibit Family Strength and Cohesion

Under current Medicaid policy, relatives who are caring for the sons and daughters of absent parents must have income below the AFDC Assistance Standard in order to qualify for Medicaid. Some of these caretaker relatives have children of their own and qualify as parents under BadgerCare. Many caretaker relatives, however, do not have minor children of their own, and can only qualify for Medicaid if their incomes are less than 50% of the FPL. While Wisconsin's Kinship Care program provides them with a cash payment to reimburse them for the expense of caring for their cousin's, sister's children, or their own grandchildren, there is very limited ability to do so for medical expenses under Medicaid or BadgerCare.

Sometimes child welfare agencies must temporarily remove children from the home of the parent because of the parent's substance abuse or untreated mental illness. In order to reunify the family, the parent is expected by the child welfare agency and the family court to seek and receive treatment for their substance abuse problem or mental illness. However, under our current rules, these parents lose eligibility for Medicaid or BadgerCare when the child's care is being reimbursed by federal foster care under Title IV-E. This leads to a catch-22: the parent needs the health care services in order to recover sufficiently to be reunified with his or her family, but the parent isn't eligible for the health care coverage unless the family is reunified. For parents who are poor and without private health care coverage, this means their ability to reunify their family is severely impaired.

Concept Paper
Wisconsin's BadgerCare Plus Program

3. BadgerCare Plus Vision

BadgerCare Plus is specifically being designed to expand eligibility while at the same time controlling costs. BadgerCare Plus will be less bureaucratic and more cost-effective than the current BadgerCare program. In addition, the new program will offer new program participants individualized health insurance products that better meet their needs. The program will also make maximum use of employer-sponsored insurance by effectively “buying into” private health insurance plans when it’s cost-effective. The proposal elements are explained in more detail below.

- 1) Increase access to health insurance by expanding BadgerCare eligibility for low-income families.
- 2) Establish a benchmark plan for new program participants.
- 3) Provide affordable health insurance options for families.
- 4) Simplify eligibility rules and processes.
- 5) Focus on prevention and healthy behaviors.

3.1 Increase Access to Health Insurance

BadgerCare Plus proposes to cost-effectively increase the state’s health care safety net in a series of important ways. It is anticipated that this expansion will be funded entirely out of savings generated within the new program and through cost-sharing contributions by participants. As a result, this initiative should not require additional federal or state funding.

- Offer an affordable, comprehensive health insurance product to all children in the state regardless of family income. Premiums and other cost-sharing mechanisms will be employed for higher income families.
- Offer affordable health insurance to all pregnant women up to 300% of the FPL.
- Raise the income ceiling for BadgerCare-eligible families to 200% instead of the current 185% of the FPL. (200% is believed to be roughly equivalent to the current 185% when the various complicated and confusing deductions and disregards are eliminated.) The final percent of FPL may still be modified.
- Offer affordable health insurance to adult caretakers and parents that temporarily lose custody of their children with incomes up to 200 % of the FPL.
- Provide quality health care through a well-established statewide managed care system.

3.2 Establish a Benchmark Plan

An important part of the BadgerCare Plus initiative is to offer new program participants (those who are eligible under the new, expanded criteria) individualized health insurance products to program participants. To accomplish this goal a comprehensive benchmark plan will be developed to serve as the “base” health insurance plan for new participants. Individuals with more complex medical conditions would then have access to supplemental services so as to ensure that their health care needs are met.

Concept Paper

Wisconsin's BadgerCare Plus Program

Two of the new population groups will be an exception and will be offered the existing BadgerCare/Medicaid benefits package. Those groups, adult caretakers and parents that temporarily lose custody of their children with incomes up to 200 % of the FPL, are almost identical in terms of health care needs and income to existing Medicaid/BadgerCare participants and therefore should have access to the same benefits and out-of-pocket costs.

Current program participants will continue to access the existing BadgerCare/Medicaid benefit package. In addition, current program participants will continue to contribute to benefit costs through the existing system of out-of-pocket expenses (co-payments and premiums.) One possible exception may be the use of unnecessary emergency room care which may require a higher co-payment. The goal of this change would be to encourage greater use of primary and preventative care.

In BadgerCare Plus, the state established benchmark plan or plans would be determined through a study of employer-sponsored plans in Wisconsin. The benchmark plan would offer comprehensive coverage, including preventive and primary care as well as Mental Health and Alcohol and Other Drug Abuse services. The plan will also include affordable co-payments and deductibles.

The State will use the benefits flexibility under recently enacted federal law to create a benchmark level benefit plan more comparable to employer-sponsored insurance. Health risk assessments and HealthCheck exams would be used to identify children or adults with extraordinary health needs who would then be enrolled in a supplemental benefits plan that covers the difference between the benchmark plan and current Medicaid benefits level. Supplemental benefits plans could be designed for people with severe chronic disease or disability and significant mental health or substance abuse.

Offering a benchmark plan to the vast majority of new enrollees will prevent crowd out and allow more extensive use of employer-sponsored plans through premium assistance. The benchmark plan is not designed to reduce benefit levels for existing program participants.

3.3 Provide Affordable Health Insurance Options for Families

A vital part of the BadgerCare Plus initiative is to offer families multiple health insurance options and to make maximum use of employer-sponsored health insurance plans. This will be done by both directly enrolling families in a state-administered program as well as by assisting low and moderate income workers to purchase employer-sponsored health insurance through premium assistance.

Families participating in the state-administered program would be directly enrolled in managed care. Managed care has proven extremely successful in Wisconsin. Managed care organizations save taxpayer money and improve health outcomes for participants. The goal of BadgerCare Plus is to enroll all program participants in managed care within

Concept Paper
Wisconsin's BadgerCare Plus Program

2 years of implementation. Currently, 70% of the Family Medicaid, BadgerCare, and HealthyStart population is enrolled in managed care. In addition, we plan to offer participants multiple managed care options which will further the goal of offering participants choice in health care.

More specifically, BadgerCare Plus will offer the following health insurance options for families and children:

- a) Eligible persons with family incomes below 150% of the FPL
 - This population will be enrolled in the regular Medicaid/BadgerCare benefit plan.
 - If potential enrollees have an employer plan that is cost-effective for BadgerCare Plus to buy into, the State will pay 100% of the employee portion of the premium and provide the regular BadgerCare benefit plan through coordination of benefits.
 - This population group includes adult caretakers and parents that temporarily lose custody of their children.
- b) Eligible persons with family incomes between 150% and 200% of the FPL
 - This population will be enrolled in the regular Medicaid/BadgerCare plan and be charged modest premiums on a sliding scale as their income rises.
 - Pregnant women would be exempted from premiums.
 - If potential enrollees have an employer plan that is cost-effective for BadgerCare Plus to buy into, the State will pay the balance of the employee portion of the premium and provide the BadgerCare benchmark benefits through coordination of benefits.
 - This population group includes adult caretakers and parents that temporarily lose custody of their children.
 - Employees with access to an employer plan that is equivalent to a state defined Medicaid/BadgerCare plan, where the employer pays 80% or more of the premium, are not eligible for BadgerCare Plus. This applies to an individual, a spouse and family plans.
- c) Eligible children and pregnant women with family incomes between 200% and 300% of the FPL
 - This population will be enrolled in the BadgerCare Plus benchmark plan and be charged premiums on a sliding scale as their income rises. At 300% of FPL the premium would be equivalent to the BadgerCare Plus HMO rates.
 - If potential enrollees have an employer plan that is cost-effective for BadgerCare Plus to buy into, the State will pay the balance of the employee portion of the premium.
 - Employees with access to an employer plan that is equivalent to a state defined benchmark plan, where the employer pays 80% or more of the premium, are not

Concept Paper
Wisconsin's BadgerCare Plus Program

eligible for BadgerCare Plus. This applies to an individual, a spouse and family plans.

d) Eligible children with family incomes above 300% of the FPL

- This population can buy into BadgerCare Plus benchmark plan already offered by the State by paying the State's per person per month cost.
- If potential enrollees have an employer plan that is cost-effective for BadgerCare Plus to buy into, the State will pay the balance of the employee portion of the premium and provide the BadgerCare benchmark benefits through coordination of benefits.
- Employees with access to an employer plan that is equivalent to a state defined benchmark plan, where the employer pays 80% or more of the premium, are not eligible for BadgerCare Plus. This applies to an individual, a spouse and family plans.

e) Wisconsin will explore the use of tax credits for employers as an alternative to or supplement to a traditional premium assistance program

- The State will explore additional ways to encourage employers who don't already do so to offer their employees affordable, high-quality health insurance.
- Some states are exploring the use of tax credits for the purchase of group health insurance as a cost-effective alternative to premium assistance programs.
- Wisconsin currently provides an individual income tax exemption for the employee's premium costs when their employer does not offer health insurance.
- This option would only be pursued if it proves more cost-effective than traditional premium assistance and if federal matching funds for the GPR costs of tax credits can be obtained.

f) Wisconsin will explore ways to integrate the *Healthy Wisconsin* initiative into the development of BadgerCare Plus

- Healthy Wisconsin is a recently announced plan to create a statewide reinsurance pool.
- The goal of the initiative is to reduce the cost of health insurance for Wisconsin employers and to stem the decline in the number of businesses, particularly small businesses, that offer their employees affordable, comprehensive health insurance.
- Healthy Wisconsin will be developed over the next year during the same time period as the BadgerCare Plus initiative.
- The State will look for ways to integrate the two initiatives because of their common goal of trying to support the employer-sponsored health insurance market.

Concept Paper
Wisconsin's BadgerCare Plus Program

- To the extent that Healthy Wisconsin is successful in slowing or reversing the decline in employer-sponsored coverage by small businesses, it will reduce the pressure on BadgerCare Plus.

3.4 Simplify Eligibility Rules and Processes

BadgerCare Plus will greatly simplify the eligibility rules for families and pregnant women by creating a single health care safety net program that merges the Family Medicaid, BadgerCare and Healthy Start programs. BadgerCare Plus will replace the nineteen different coverage groups listed above with a much simpler system of income calculation that will be easier to understand and can be administered in a far more family-friendly manner.

BadgerCare Plus will also implement simplified reporting policy consistent with a health insurance benefit rather than a program that provides a monthly cash assistance payment. This will allow the state and federal government to realize maximum savings from the provision of continuous coverage and primary and preventive care for children and adults.

The BadgerCare Plus program consolidates all of the many eligibility groups that cover pregnant women, children and caretaker relatives into a single program with the goal of dramatically simplifying and streamlining application and enrollment. The following eligibility rules will be used to determine eligibility for BadgerCare Plus:

- a) Non-financial rules (SSN, qualifying relationship to applicant, etc.) remain unchanged. Citizenship will also be verified as required by the new federal law.
- b) Income eligibility will be based upon a simplified definition of income. We will be seeking to minimize or eliminate confusing deductions or disregards. We will evaluate options to allow self-employed individuals or farmers with higher nominal incomes to qualify.
- c) The monthly premium will be based upon gross family income. The average premium for all of BadgerCare Plus is currently estimated as 35% of the cost per member across all income levels that will be required to pay a premium. The sliding scale premiums will begin at 150% of the FPL and gradually increase until families with gross incomes at or above 300% of the FPL pay the full monthly cost of the BadgerCare Plus HMOs.
- d) BadgerCare Plus will also use a simplified and reduced change reporting policy that will not require program participants to report changes that have no impact on their continued eligibility.
- e) The State will verify earnings and other income using automated third party sources whenever possible. When these sources are not available, the State will require verification of income from the applicant and recipient. The Department will establish procedures to gather health insurance availability information from employers across the state. This information will include whether an employer offers health insurance coverage and what the employer contribution is. Employer will be required by state law to provide this information upon the

Concept Paper
Wisconsin's BadgerCare Plus Program

request of the Department. Employees and other applicant/recipients will not have their eligibility delayed while the Department obtains this information.

3.5 Focus on Prevention and Healthy Behaviors

A major goal of BadgerCare is to promote access to and use of preventive and primary care services and encourage healthy behavior by covered enrollees. Incentives will be created for individual families and managed care organizations.

- a) Develop pay for performance incentives for managed care organizations to achieve specified performance targets (e.g. lead screening, immunization, asthma and diabetic management, smoking cessation, healthy births).
- b) Explore the use of incentives such as “healthy rewards accounts” for members who engage in desired health behaviors (e.g. full immunization of children, well child visits, keep appointments and personal health goals such as smoking cessation or weight loss, pre-natal care, appropriate ER use, effective asthma or diabetes management).
- c) Establish a “medical home” and conduct an in-depth health risk assessment within 90 days of enrollment.
- d) Promote patient education and health literacy.

In addition we will evaluate the introduction of a Member Agreement that establishes member rights and responsibilities for appropriate use of medical services and emergency rooms and encourages consumers to take greater personal responsibility for their and their children's health.

4. Waivers and Review

Wisconsin is still in the process of assessing what waivers will be needed in light of the new flexibility in defining covered services afforded under the recently enacted Deficit Reduction Act. Wisconsin welcomes CMS's advice and recommendations on what waivers will be needed for BadgerCare Plus.

We do anticipate renewing the BadgerCare waiver that allows Wisconsin to claim for adults with incomes between 100% and 200% of the FPL at the State Children's Health Insurance Program (SCHIP) rate and for federal matching funds on employer tax credits for offering coverage to low-income families.

We also anticipate that waivers will be required for the following expansion populations under BadgerCare Plus:

- Children in families with incomes between 200% and 300% of the FPL.
- Pregnant women with incomes between 200% and 300% of the FPL.
- Expansion of coverage to caretaker relatives with incomes above the AFDC assistance standard (approximately 44% of the FPL) up to 200% of the FPL.
- Waivers necessary to allow parents whose children have been removed from the home by a child welfare agency and would not otherwise be eligible for Medicaid, to remain eligible for BadgerCare Plus regardless of their children's categorical

Concept Paper

Wisconsin's BadgerCare Plus Program

- eligibility as Title IV-E recipients, like other caretaker relatives, so long as they cooperate with the family reunification plan specified by the child welfare agency.
- Waivers necessary to allow the State to implement a simplified income eligibility determination policy and a reduced change reporting policy.
 - Waivers necessary to charge families with incomes above 200% of the FPL premiums greater than 5% of income.
 - Waivers necessary to allow the State to require that an individual enroll as an individual, married couple or family in his/her employer's health insurance plan if the State determines this to be cost-effective and not wrap BadgerCare Plus benefits around the employer's benefit plan, so long as the employer's plan meets the minimum requirements set by the State.
 - Waivers necessary to allow the State to either adopt simplified or less frequent change reporting.

5. Budget Neutrality

We propose that budget neutrality for BadgerCare Plus be established on a per person per month basis.

Specific and detailed budget neutrality assumptions in the standard and required format will be provided as part of the formal waiver submission process.

6. Public Process

Wisconsin will continue to involve stakeholders in the development of BadgerCare Plus in a number of ways.

6.1 BadgerCare Plus Advisors Group

The purpose of this group is to advise the State on policy and program design issues, such as premium assistance and employer buy-in. The group will meet every few months during the development of BadgerCare Plus to provide guidance on program design. The group includes representatives from business, health plans, providers, public health, farmers, Native American tribes, the State Legislature, county government, children's advocacy groups, and the University of Wisconsin.

The group will be as inclusive as necessary to design a top-quality program. Current members of the Advisory Group include representatives from:

- Advocacy & Benefits Counseling (ABC) for Health, Inc.
- Aurora Health Care
- City of Milwaukee Health Department
- Ho-Chunk Nation
- Kenosha County Department of Human Services
- Medical College of Wisconsin
- National Federation of Independent Business
- The New Hope Project

Concept Paper

Wisconsin's BadgerCare Plus Program

- University of Wisconsin-Madison, School of Medicine
- Wisconsin Association of Health Plans
- Wisconsin Council on Children and Families
- Wisconsin Farm Bureau Federation
- Wisconsin Federation of Cooperatives
- Wisconsin Medical Society
- Wisconsin State Assembly
- Wisconsin State Senate.

6.2 Focus Groups

Wisconsin intends to host focus groups of providers, current program participants, and targeted groups of uninsured people (such as farmers). The focus groups will be used to identify problems with current programs, suggest improvements and provide feedback on ideas we are proposing for BadgerCare Plus as well as tell us what works well in the current program.

6.3 Medical Assistance Advisory Committee

The Medical Assistance Advisory Committee (MAAC) will be asked to provide comments on the waiver and the program design for BadgerCare Plus.

6.4 Native American Consultation

Wisconsin Executive Order #39, issued in February 2004, affirms the government-to-government relationship between the State of Wisconsin and the eleven American Indian tribal governments located within the State of Wisconsin. The "Department of Health and Family Services Policy on Consultation with Wisconsin's Indian Tribes," developed by consensus with the Wisconsin tribes, formalizes the tribal-state relationship.

With respect for the government-to-government relationship the State has with tribes, Wisconsin has sent an invitation to all Wisconsin tribes to participate on the BadgerCare Plus Advisors Group. At least one tribe will participate on the committee. The group will be as inclusive as necessary to ensure that tribal-specific issues and concerns are addressed.

6.5 Town Hall Meetings

Governor Doyle and/or Secretary Nelson will host a series of town hall meetings across the state throughout the planning process to discuss the new program, get feedback about the existing program and get useful input from interested parties around the state including current BadgerCare participants, care providers, advocates and others.

The State will partner with the Wisconsin Council on Children and Families and ABC for Health, Inc., to solicit a broad spectrum of community input on the proposed BadgerCare Plus program at town hall meetings across Wisconsin.

Concept Paper

Wisconsin's BadgerCare Plus Program

The Wisconsin Council on Children and Families is a nonprofit, multi-issue child and family advocacy agency that promotes the well-being of children and families in Wisconsin by advocating for effective and efficient health, education, and human service delivery systems. The Council's statewide membership is comprised of individuals, businesses and community groups, professional, private, and public agencies.

ABC for Health, Inc. is a Wisconsin-based, nonprofit, public interest law firm dedicated to ensuring access to health care and coverage for children and families. Through the development of local and regional HealthWatch coalitions, ABC for Health, Inc. has gained expertise in working with connected local stakeholders to develop statewide strategies to address barriers to both health care and coverage, and to ultimately work toward expanded access to care for all people in Wisconsin.

6.6 Legislative Briefings

In addition to legislative participation on the BadgerCare Advisors Group, the State will conduct briefings with the Wisconsin State Legislature as the program design is finalized and input from CMS is received.

The State will brief any interested legislators and/or their staff, the leadership of the Legislature, and legislators who sit on key committees including the Senate Committee on Health, Children, Families, Aging and Long Term Care, the Assembly Committee on Health, and the Assembly Committee on Medicaid Reform.

7. Conclusion

The State of Wisconsin proposes an expansion of its current BadgerCare program (to be called BadgerCare Plus) that would ensure access to affordable health care for all children and low-income families in the State by expanding eligibility, assisting employees to buy-into quality employer- sponsored plans and streamlining current BadgerCare and Medicaid eligibility processes.

This concept paper outlines Wisconsin's approach and the waivers needed to realize the State's goal of assuring access to quality health care to all children in the State.

¹ Wisconsin Department of Health and Family Services, Bureau of Health Information and Policy, Division of Public Health, *2004 Wisconsin Health Insurance Coverage Report*

² The combined current enrollment of Family Medicaid, BadgerCare and Healthy Start programs is roughly 500,000.

³ Wisconsin Department of Health and Family Services, Bureau of Health Information and Policy, Division of Public Health, *2004 Wisconsin Health Insurance Coverage Report* (Table 1)
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Concept Paper
Wisconsin's BadgerCare Plus Program

⁴ Census Bureau, Current Population Survey, Historical Health Insurance Tables (Table HI-6 Health Insurance Coverage Status and Type of Coverage by State – People under 65: 1987 to 2004) accessed on April 20, 2006

⁵ "Health Benefit Costs rose 9% in State in '05", Milwaukee Journal Sentinel, Nov 21, 2005, accessed on April 12, 2006 at <http://www.jsonline.com/story/index.aspx?id=372342>

⁶ "Insuring America's Health: Principles and Recommendations (2004)," Board on Health, Institute of Medicine; pages 38-48, accessed on April 20, 2006 at <http://darwin.nap.edu/books/0309091055/html>